

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON,
ARIZONA**

**Minutes of the Regular Meeting
of the Board of Directors**

March 11, 2010

At the
Ward VI Council Office Community Meeting Room
3202 East First Street
Tucson, Arizona 85716

Present:

Board Members	Marilyn Robinson Christopher Carroll Evelia Martinez Maggie Amado-Tellez Randi Dorman Gary Bachman Adam Weinstein Pam Sutherland
Staff	Gary Molenda, Business Development Finance Corporation Karen J. Valdez, Business Development Finance Corporation Charles W. Lotzar, Lotzar Law Firm, P.C.
Guests	Mary Okoye, City of Tucson John Salgado, BICAS Christina Parisi, City of Tucson
Absent	None

The Regular Meeting of the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on **March 11, 2010**, at the Ward VI Council Office, 3202 East First Street, Tucson, Arizona. All Authority’s Board Members and the general public were duly notified of the meeting. C. Lotzar explained that Arizona’s Open Meeting Laws allow for members of the Authority’s Board of Directors and legal counsel to appear and participate in the meeting telephonically so long as all participants in the meeting can hear and be heard.

ITEM	ACTION TAKEN/TO BE TAKEN
I. Call to Order.	The meeting was called to order at 10:12 a.m. with a quorum present.
II. Request for resolution to approve the minutes of the Board of Director’s Regular Meeting of February 11, 2010.	A MOTION was made and seconded (E. Martinez / C. Carroll) to approve the February 11, 2010 meeting minutes as presented. Approved 8-0.
III. Request for resolution to approve the payment of invoices and the notification of items to be paid on the Authority’s behalf by third parties. K. Valdez presented items to be paid on the Authority’s behalf for the month of February 2010 . After brief discussion it was the consensus of the Authority’s Board of Directors that monthly invoices are to be sent to the Authority’s Board of Directors electronically only.	A MOTION was made and seconded (E. Martinez/C. Carroll) to approve payment of invoices as presented. Approved 8-0.

<p>IV. Status report and request for resolution to approve the extension of the term of the Management Agreement for the parking lots with Pueblo Parking Systems, LLC for an additional 1 year term.</p> <p>K. Valdez reviewed the Second Amendment to Parking Management Agreement noting that the original contract term will end March 31, 2010. Approval of the Second Amendment will extend the term for an additional 1 year beginning April 1, 2010 through March 31, 2011. Additional changes include a clean up of language originally striked out and initialed on the original Management Agreement and any changes that were approved at prior Board meetings throughout the year.</p> <p>C. Carroll stated that he and A. Weinstein, along with Cheryl Berry from Pueblo Parking Systems, LLC (“PPS”), met with the dusk to dawn installer from Tucson Electric Power, Co. (“TEP”) and selected the locations at each end of the lot for the installation of lights. The lights will illuminate the signage and honest john boxes. Potential concern is the dark sky ordinance. If objection to the lighting is received, TEP does have the ability to shroud light with custom made shading on an as needed basis.</p> <p>C. Carroll commented that PPS has been doing a great job managing the parking lots over the past year noting that they have been very responsive to the Authorities requests and are sensitive to issues.</p>	<p>A MOTION was made and seconded (P. Sutherland / R. Dorman) to approve 2nd Amendment to the Management Agreement extending the term for an additional 1-year term. Approved 8-0.</p>
<p>V. Status report and request for resolution related to the purchase of 450 N. Main Avenue and the transfer of City of Tucson adjacent property to the Authority.</p> <p>G. Molenda provided background on the issues and challenges that have occurred in relation to the property. In late February 2010, G. Molenda and M. Robinson met with City of Tucson (“City”) staff and HDR, the engineering consultant who is working on the Downtown Links project. Jim Rossi provided status on the right of way (“ROW”) vacation process via comments received from a circular review request that was distributed to several City departments for review and comment. G. Molenda reviewed the map provided by the surveyor, retained by the Authority, to illustrate discussion. Discussion ensued on the following items:</p> <ul style="list-style-type: none"> ➤ Alley access and City Abandonment ➤ New alignment of the road – portion of which the City has determined cannot be vacated as it is currently being used as a roadway ➤ Grade change – 2 feet higher on the north side of wall ➤ ROW (alley) discontinuous – discussion on creating a hammerhead turn around south of property (private property) or extend public alley to either north Main or Granada to connect at street other than St. Mary’s ➤ Maintain egress or access to back of business property immediately west of Arts BBQ property: Historic Partners III ➤ Property is in flood zone with water depths of 3 feet and unknown velocity ➤ Site development would require hydrology report, and 7 feet of fill at west end of property and process needed to gain permission to fill a site of that depth – (A. Weinstein noted that import of fill is \$15 per cubic yard therefore, the Authority's expense will be in excess of \$100,000) ➤ May or may not be feasible to put buildings on site under current conditions ➤ Per City staff states that there is no guarantee structures can be placed upon these properties (Arts BBQ and vacated ROW) in conformance with the flood plane ordinance. Potential mitigant: completion of the upstream drainage improvements which would take property out of the flood plane at some point in time <p>G. Molenda noted information requested of the City & HDR to provide guidance to the Authority with regard to:</p> <ul style="list-style-type: none"> ➤ Egress restrictions – distance from corner, site visibility triangles, etc. ➤ Plot turning radius – with regard to type of vehicle trying to accommodate 	<p>A MOTION was made and seconded (G. Bachman / E. Martinez) to approve: 1) payment of non-refundable extension consideration of \$16,100 to extend the closing date 60 days, and 2) authorize the President and other officers to execute all necessary documents and take all necessary actions to close the transaction. Approved 6-2 Abstentions (C. Carroll and R. Dorman)</p>

<p>G. Molenda stated that the component of the Downtown Links project is referred to as the Arroyo Chico Drainage Project. It was noted that City staff indicated that if this drainage project is completed, it will modify the flood plane map and essentially take the property out of the flood plane. There are 2 issues associated with this drainage project:</p> <ul style="list-style-type: none"> ➤ Project is not currently funded but there is some hope for federal funding, and ➤ If federal funding were obtained in the next few months, these improvements would be complete by approximately 2015 <p>M. Robinson stated that the City has fulfilled its part of the requirements for the drainage system; the additional detention drainage basins required are the responsibilities of the Army Core of Engineers who are waiting on federal funding to complete. M. Robinson commented that she has been in contact with Congressman Grijalva's office and notes that they are aware of this and are working toward its resolution.</p> <p>There was continued discussion regarding the issues and the question of how deep the Authority is willing to go to purchase the property and what the consequences would be if the Authority does not purchase the property.</p> <p>A. Weinstein commented that the reality of the property being attractive, at any price, bringing the required level of import of clean fill onto the property, renders it very unattractive to virtually anyone and especially when talking about affordable housing that has a cap of the value of the house.</p> <p>G. Molenda stated that the original goal of the Authority of assembling the properties is still possible, however, there are timing issues making a simultaneous close not possible.</p> <p>As discussion continued regarding the options put forth, R. Dorman stated that the original objective was to assemble the properties and issue an RFP for affordable housing. Ms. Dorman stated that she does not recall the process being positioned as a long term hold or long term development, and as full disclosure stated that she has never been a big fan of this idea and not actively supportive of it. Ms. Dorman further reminded the Authority's Board of Directors that the initial goal was to use this project as a learning process for a future project with Block 175 and other projects that are to be bigger and more complicated and noted that with the issues presented, the property no longer meets the initial objective.</p> <p>G. Molenda stated that if the Authority goes through with the purchase of the property, an exit strategy if all else fails and the site is just not feasible for affordable housing, an adaptive reuse could be a professional office building.</p> <p>A. Weinstein requested the original resolution passed by the Mayor & Council with regard to the transfer of the ROW to the Authority.</p>	
<p>VI. Discussion regarding House Bill 2677 and request for resolution to address the issue that if the House Bill 2677 becomes law, the Authority will work with the City of Tucson and Pima County to offer financing to qualified borrowers for the purchase of properties in the Tucson Historic Warehouse District from the Arizona Department of Transportation.</p> <p>M. Robinson stated that the Authority is being requested to provide a resolution to indicate the possibility of Authority interest in working with the City of Tucson, Arizona (the "City") and Pima County, Arizona (the "County") to offer financing of qualified parties for the purchase of properties in the Tucson Historic Warehouse Arts District (the "District"). M. Robinson stated that this topic is on the Agenda for the Board Retreat for further discussion.</p> <p>G. Bachman questioned whether it is the Authority's purpose to offer financing to any</p>	<p>A MOTION was made and seconded (P. Sutherland / E. Martinez) to approve support with regard to House Bill 2677 stating that the Authority of the City of Tucson, Arizona is hereby expressing interest in working with the City of Tucson, Arizona and Pima County to: purchase ourselves, or offer financing to qualified borrowers for the purchase of properties located in the Tucson Historic Warehouse Arts District from the Arizona</p>

<p>qualified parties? Mary Okoye from the City was asked to respond. Ms. Okoye responded by provided background information relating to the request stating that Arizona Department of Transportation (“ADOT”) has put the warehouse properties up for auction originally on March 1, 2010 but delayed the auction to April 1, 2010 after City-ADOT discussion. ADOT has agreed to delay auction date if the City can provide the requested Authority resolution. It was noted that the resolution will not commit the Authority. M. Robinson stated that it is her understanding that if the HB2677 passes, it will make it possible for an agency of government to purchase the properties from ADOT without having a public purpose.</p> <p>P. Sutherland proposed the following resolution that if HB2677 does not pass, then the Authority will work with the City and the County to purchase itself or offer financing to qualified buyers for the purchase of properties in the District.</p> <p>M. Robinson stated that in order to prevent the Authority from making a commitment, the wording should only indicate the Authority’s express of interest in working with the City.</p>	<p>Department of Transportation (“ADOT”), subject to terms and conditions to be determined at a future date. Approved 8-0.</p>
<p>VII. Staff Reports</p> <ul style="list-style-type: none"> ➤ Board Retreat and Advisory Committee scheduling – K. Valdez stated that the Board Retreat is scheduled for Monday, April 26, 2010, from 8:00 a.m. to 4:00 p.m. to be held at the Lodge on the Desert – Catalina Room. Scheduling of the Advisory Committee meetings will be discussed at the Board Retreat. ➤ Outstanding Single Family Programs – K. Valdez stated that the 2008 Mortgage Credit Certificate Program (“MCC”) continues to originate slowly with 20 MCC’s issued this fiscal year and a total of 30 to date. With regard to the 2009 Mortgage Revenue Bond Program (“MRB”), it has been reported by S. Riffle that there have been Lender concerns about being able to bundle the loans into Ginnie Mae’s and Fannie Mae’s and not enough non-HUD loans, which is a volume issue. It was noted that there have been significant buyer concern regarding the potential recapture tax resulting in withdrawal from both the MCC and MRB programs. K. Valdez provided information regarding potential recapture. 	
<p>VIII. President’s Report</p> <ul style="list-style-type: none"> ➤ Brief Summary of current events, including items brought to the President’s attention or matters that required handling by the President since the last meeting. <p>M. Robinson shared communications received from:</p> <ul style="list-style-type: none"> ➤ Tucson Pima Arts Council – interest in relocating to Tucson Warehouse Arts District ➤ Warehouse Arts Management Organization – will be submitting a loan request <p>P. Sutherland shared letters received from:</p> <ul style="list-style-type: none"> ➤ Vila Thai Cuisine ➤ Caffè Luce <p>Expressing interest in being tenants in 35 E. Toole Avenue, which is one of the warehouses up for auction.</p> <p>M. Robinson stated that she may have a potential conflict of interest as her employer, the Drachman Institute is working with WAMO to move forward the implementation plans for the warehouse arts district.</p> <p>M. Robinson announced that Emily Nottingham will be appointed to the Authority's Board of Directors on March 23, 2010 and will be at the next Regular Meeting in April 2010. It was noted that there has been no word on Chris Carroll’s reappointment to the Authority’s Board of Directors. A letter of appointment was</p>	

<p>received by the City on October 27, 2009 from Council Member Nina Trasoff, however, she is no longer in office and therefore a new request from a current Council Member is needed.</p> <p>Discussion ensued regarding meeting time. It was the consensus that the Regular Meetings of the Authority remain on the 2nd Thursday of each month. However, the meeting time will change from 10:00 a.m. to 11:30 a.m. As the meeting will take place over the lunch hour, it was the consensus that Authority's Board of Directors, each brings their own lunch. Therefore, the next meeting will be on Thursday, April 8, 2010 at 11:30 a.m., location is to be determined. It was determined that meetings will not go on beyond 1:30 p.m.</p>	
<p>IX. Call to the Public: This is the time for the public to comment. Members of the Authority's Board of Directors may not discuss items that are not specifically identified on the Agenda. Therefore, pursuant to Arizona Revised Statutes Section 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date.</p> <p>John Salgado, representing Bicycle Inter-Community Action & Salvage ("BICAS"), introduced himself and stated that he is representing BICAS a non-profit agency in business for 21 years. He stated that BICAS is interested in financing from the Authority however he has been unsuccessful at obtaining information from the Authority's website and through e-mail correspondence. Mr. Salgado stated that he is looking for a mentor who can advise on the lending process for the purchase of a building downtown. He stated that he is also the founder of Raices Taller 222 Art Gallery on 6th Street.</p>	
<p>X. Adjourn Regular Meeting.</p>	<p>A MOTION was made and seconded (E. Martinez/A. Weinstein) to adjourn the meeting. Approved 8-0 – meeting adjourned at 11:49 a.m.</p>

Submitted by:

Approved by:

Karen J. Valdez
Business Development Finance Corporation

Marilyn Robinson, President
The Industrial Development Authority of the
City of Tucson, Arizona